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PRESS RELEASE

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**PUBLIC SERVICE COMMISSION ANNOUNCES SOS BIDS
ON DELMARVA POWER'S RATES**

DOVER, DE – Today, the Delaware Public Service Commission (DE PSC) released results of Delmarva Power's (Delmarva) 2007-08 Standard Offer Service (SOS) Request for Proposal (RFP) process. SOS customers are those customers who have not chosen an alternative electric supplier and continue to receive electric supply services from Delmarva. Delmarva sought and successfully contracted to secure all of the outstanding need for full-requirements service for Delaware's SOS customers. The PSC's Technical Consultant, Boston Pacific, found the solicitation was a robustly competitive process and the resulting prices were consistent with market conditions. Boston Pacific also determined the process was fair and transparent and was conducted in conformance with Commission Orders on the RFP.

Since generation rate caps were lifted on May 1, 2006, Delmarva, pursuant to Commission Order No. 6598 and the Settlement Agreements, has completed three RFPs. The first RFP was completed in February of 2006, the second in January of 2007 and the third earlier this year.

For this third RFP, Delmarva held two separate bid days in November 2007 and January 2007, in which they received and ranked bids for four different customer classes. In total, Delmarva sought and acquired a total of 577.5 Megawatts (MW) of Peak Load for full-

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requirements SOS service. For the Residential class, Delmarva sought 36-month contracts accounting for approximately one-third of the SOS-eligible class need. The average weighted price for this class was \$109.90/MWh, about 15% higher than bids last year. The remaining two-thirds of SOS supply will be supplied under contracts procured last year and in 2006. Because the energy secured for Residential customers this year only accounts for one-third of their total SOS needs, these customers will experience an incrementally smaller increase in rates. It is estimated that Residential class customers will see an increase of less than 2% on the total bill for electric service received from Delmarva. for the remaining three classes (larger commercial and industrial customers), Delmarva sought 12-month contracts composing 100% of the needs. Average winning load-weighted prices for these classes ranged from \$95.80 /MWh to \$101.53/MWh and were anywhere from 1% lower to 9% higher than last year. Increases in Residential bid prices were driven by increases in the price of fuels, which in turn increased the price of electricity, as well as increases in the price of electric generating capacity.

There were 12 companies eligible to bid in this year's RFP, and of those, eleven submitted bids, the same number that submitted bids last year. Of the 11 bidders, two won a portion of Delmarva's SOS needs. The winning suppliers were Constellation Energy Commodities Group and Hess Corporation.

Because the residential contracts from this solicitation will replace lower-priced contracts from 2006, residential SOS customers will see an increase in electricity bills. The Impact to Small Commercial customers was about the same as the impact on Residential customers. The larger three Commercial and Industrial classes will see approximate rate changes ranging from a 1.3% decrease to a 7.4% increase.